

SOLICITATION NUMBER TIRNO-04-R-00017
PART I - THE SCHEDULE
SECTION H - SPECIAL CONTRACT REQUIREMENTS

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H.1 ORDERING OF SERVICES

This is a multiple award Indefinite Delivery-Indefinite Quantity (IDIQ), Cost-Plus-Fixed Fee (CPFF), Fixed Price (FP), Time and Materials (T&M) contract. Ordering shall be in accordance with FAR 16.505(b). Determination of selected type will be based on the task order and criteria contained in FAR 52.216-18. See Attachment J.15 Task Order Placement Procedures.

(a) Any supplies and services to be furnished under this contract shall be ordered by issuance of task orders by the individuals or activities designated in the Schedule. Such orders may be issued from date of award through established period of performance. Task orders estimated at \$250,000 and under will be set aside for Small Business Set-aside competition.

(b) All task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

(c) The Contractor shall not proceed with any work under a proposed task order unless authorized in writing by the cognizant Contracting Officer.

(d) If mailed, a task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued by facsimile or by electronic commerce methods only, if authorized in the Schedule.

(e) A task order will indicate an effective date which shall be considered the start date as far as the determination of due dates for deliverables is concerned.

(f) The period of performance will be specified in individual task orders. In the event that a task order requires performance that extends beyond the current contract term, the Contractor shall be required to complete performance within the time frame set forth in the task order, provided such period does not extend beyond one (1) year after expiration of the contract.

(g) Funds for services to be provided under this contract will be obligated by each individual task order.

(h) Other Federal agencies may use the TIPSS-3 Contracts on a fee-for-service basis to satisfy requirements for IT support services, i.e., the TIPSS-3 Contracts are considered Multiple Agency Contracts (MACs). All orders for other Federal agencies must be processed by the TIPSS-3 program office as described in this contract and issued by the Contracting Officer. Orders for other Federal agencies need not be synopsized in

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the Federal Business Opportunities (FBO)/Electronic Posting System (EPS); however, price analysis maybe required before placing orders for other agencies.

(i) Since multiple awards will be made, after meeting the minimum guarantee requirement for each contract (See Section B.2), determinations as to which contractor(s) will receive individual task orders will be at the sole discretion of the Government. Such determinations will be made on the basis of what is in the best interests of the Government, taking into account factors such as availability and suitability of contractor resources, quality of contractor past performance, and price.

H.2 TASK ORDER CONTENT

(a) Each task order issued under this contract will include the following information as applicable:

- (1) Contract number and task order number;
- (2) Date of the order;
- (3) Work Plan Request number and title/description;
- (4) Description of the work to be performed;
- (5) The work schedule, period of performance or required completion date;
- (6) Place of delivery or performance;
- (7) The Key Personnel labor categories for that task, if any.
- (8) The reporting requirements and deliverables;
- (9) CLIN number(s) and description, quantity, unit price and extended total;
- (10) The cost plus any adjustable fees;
- (11) The security requirements for that task (e.g. clearance levels, DD 254); and
- (12) Accounting and appropriation data.

(b) For task orders issued on a time-and-material or labor-hour basis, the Government shall not be obligated to pay the Contractor any amount in excess of the total (ceiling) price identified in the task order, and the Contractor shall not be obligated to continue performance if to do so would exceed the applicable ceiling price, unless and until the Contracting Officer has notified the Contractor, in writing, that the applicable ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under the task order (see Section I.1, clause 52.232-7 *Payments Under Time & Material and Labor Hour Contracts* for the Contractor's notification responsibilities to the Government as it accrues costs reaching 85% of the then current task ceiling).

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H.3 LABOR CATEGORIES

The labor categories represent the Government's best estimate of the kinds of personnel required for successful contract performance. It is recognized by the Government that the inventory of data processing and/or information systems, technologies, methodologies and processes ranges from obsolescent to near state-of-the-art, and that the technology presently being introduced into the information technology marketplace is revolutionary rather than evolutionary. The ability of the Contractor to respond to new technologies, methodologies, and processes is both necessary and appropriate. Although the Contractor is expected to map from the contract categories to the Contractor's own categories, for the purpose of matching resources to requirements, the use of additional labor categories not currently contemplated may be necessary over the term of the contract. Certain unique labor categories, as well as consultants, may be required under specific task orders.

H.4 ALLOWABLE COSTS

- (a) For CPFF task orders, the estimated cost of the Contractor's performance will be specifically set forth on each task order issued under the contract.
- (b) T&M task orders will contain a negotiated ceiling price (which the contractor would exceed at its own risk).
- (c) Fixed Price task orders will be calculated on each order separately according to rates established through the competitive process leading to contract award.
- (d) Travel will be reimbursed in accordance with FAR Subsection 31.205-46 entitled "Travel Costs" and the Federal Travel Regulations, prescribed by the General Services Administration, in effect on the date of the travel.

H.5 FEE ON TASK ORDERS

- (a) For CPFF - the Government will pay to the Contractor a fixed fee as set forth in each task order; (See Section I, FAR 52.216-8 "Fixed Fee"). The fixed fee will be expressed in terms of dollars, not rates or percentages. At the time of reimbursement of allowable cost, the contractor will be entitled to payment of the fixed fee determined in each initial task order award regardless of actual costs incurred. The same ratio of fee awarded in the initial contract award will be used in any task orders issued.

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- (b) For T&M - Fee will be established through the competitively proposed labor rates.
- (c) For Fixed Price – Profit for firm fixed price task orders may be proposed at an amount higher than the amount equivalent to the percentage of fixed fee negotiated at contract award.

H.6 RELEASE OF CLAIMS

After completing each task order, and prior to final payment, the Contractor shall furnish to the Contracting Officer, a release of claims against any outstanding balances or claims arising out of the task order, These are claims other than those specifically resulting from work that is reasonably anticipated by the Contractor when originally estimating the order.

H.7 TASK ORDER CLOSE-OUT

It is the intention of the IRS to perform close-out procedures on an individual task order basis. The Contractor agrees to perform those internal functions necessary to support this process in a timely manner. Task order close-out will occur as soon as possible after task order performance has concluded.

H.8 LIMITATION OF COST OR FUNDING

Level of effort task orders issued under this contract may be fully funded or incrementally funded. Each task order will state the applicable clauses given the funding method determined by the Contracting Officer.

H.9 INDIRECT RATE CHANGE NOTIFICATION

The Contractor shall submit notification to the TIPSS Contracting Officer and Lead Contracting Officer's Technical Representative within five working days of proposing any rate change to the designated Government audit agency, or of receiving any rate change approval, affecting cost or price proposed or incurred under this contract. The Contractor agrees to insert this notification requirement in all first-tier subcontracts.

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H.10 PRODUCTIVE DIRECT LABOR HOURS

"Productive direct labor hours" are those hours expended by Contractor personnel in performing work under this contract and called for in the task orders issued under the contract. This does not include sick leave, vacation, holidays, jury duty, military leave, or any other kind of administrative leave period.

H.11 STANDARD WORK DAY

A standard work day is defined as any eight (8) hours of productive labor during the core business hours of 7 A.M. through 6 P.M., Monday through Friday, excluding periods listed above. Performance may be required beyond the normal standard work day and if so will be specified within the applicable task order.

H.12 GOVERNMENT FURNISHED ITEMS

All Government furnished items will be identified in individual Task Orders, as applicable. If any given task order issued under this contract requires work to be performed on the Government's site, the Government will provide office work space, office automation equipment, telephones, and furniture for Contractor personnel unless authorized by the Contracting Officer to deviate from this requirement.

H.13 CONTRACTOR RESPONSIBILITY FOR ASSIGNED SPACE, EQUIPMENT AND SUPPLIES

If, due to the fault or neglect of the Contractor, his agents, or employees, damage occurs to any Government property, equipment, stock or supplies, during the performance of this contract, the Contractor shall be responsible for such loss or damage and the Government, at its option, may either require the Contractor to replace all property or to reimburse the Government for the full value of the lost or damaged property.

The Contractor is responsible for maintaining all Government provided assigned space(s) in a clean and orderly fashion during the course of this contract. All telephones at the Government's site are for conducting official Government business only.

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H.14 CORRECTION OF SOFTWARE AND DOCUMENTATION

The Contractor shall, over the term of the Contract, under any task order issued, correct errors in Contractor developed software and applicable documentation that are not commercial off-the-shelf which are discovered by the Government, and any other user of the software, or the Contractor. If the system is in production, such corrections shall be completed within 1 working day of the date the Contractor discovers or is notified of the error (or a date mutually agreed upon between the Contracting Officer and the Contractor not to exceed 30 working days). If the system is not in production, such corrections shall be made within 5 working days of the date the Contractor discovers or is notified of the error (or a date mutually agreed upon between the Contracting Officer and the Contractor, not to exceed 30 days). Latent defects will be handled in the same manner, as soon as they are discovered. Inability of the parties to determine the cause of software errors shall be resolved in accordance with the Disputes clause in Section I, FAR 52.233-1, incorporated by reference in the contract, but in no event constitutes grounds for delay of error correction beyond the time frames specified.

H.15 ORGANIZATIONAL CONFLICT OF INTEREST AND LIMITATION ON FUTURE CONTRACTING

The following provisions are in accordance with FAR subpart 9.5:

- (a) The Internal Revenue Service, including any echelon or sub-echelon activity of the Department of the Treasury, will not consider the Contractor, its successor-in-interest, assignee, or affiliates as a prime source of supply for, nor allow it to be a Subcontractor or consultant to a supplier for, any follow-on procurement of a system, subsystem, or major component thereof, including training related thereto, for which the Contractor provides technical support services, analyses, system design and evaluation or other types of assistance ordered under this contract. For examples of a follow-on procurement, see FAR subsection 9.508. These examples are not all inclusive, but are intended to help the Contracting Officer apply the general rules in FAR subsection 9.505 to individual contract situations.
- (b) The above restrictions shall be included in all subcontracts, teaming arrangements, and other agreements calling for performance of work related to this contract, unless exempted in writing by the Contracting Officer.
- (c) To prevent unfair competitive advantage in the procurement of any similar Federal Information Technologies (IT) support services which are the subject of this contract, the Contractor agrees that, until award of a contract by the Internal Revenue Service for any of these services it: (1) shall not disclose any information concerning the work

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under this contract, including technology developed or findings and conclusions rendered by the Contractor in performing this contract, to any prospective Offeror; and (2) shall not render any services of any kind related to this procurement to any prospective Offeror.

(d) If, by task order under this contract, the Contractor is required to prepare a statement of work or to design or develop specifications/requirements which are to be incorporated or used in a solicitation for future acquisition of a system, subsystem, or major component thereof relating to the subject matter of this contract, the Department of the Treasury, including any echelon or sub-echelon activity, will not consider the Contractor, its successor-in-interest, assignee, or affiliates as a prime source of supply for, nor allow it to be a Subcontractor or consultant to a supplier for the procurement of the system, subsystem, or major component thereof. The Contractor, Subcontractors and consultants at any tier have an affirmative duty to disclose to the CO actual, potential or apparent conflicts whenever there is reason to believe such exist or will exist.

(e) The restrictions and provisions of paragraph (d), above, shall be in effect for a period of two (2) years from the performance completion date of any task order. At any time subsequent to the effective date of this contract, the Government may either modify the restrictions of paragraphs (c), and (d), or waive the restrictions entirely if it is determined to be in the best interests of the Government. The restrictions contained herein do not in any way limit the restrictions delineated in FAR subpart 9.5.

H.16 OBSERVANCE OF LEGAL HOLIDAYS AND EXCUSED ABSENCE

(a) Government personnel observe the following holidays:

New Year's Day
Martin Luther King Birthday
President's Birthday
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Christmas

(b) In addition to the days designated as holidays, the Government observes the following days:

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Any other day designated by Federal Statute
Any other day designated by Executive Order
Any other day designated by the President's Proclamation

(c) It is understood and agreed between the Government and the Contractor that observance of such days by Government personnel shall not otherwise be a reason for an additional period of performance, or entitlement of compensation except as set forth within the contract. In the event the Contractor's personnel work during the holiday, they may be reimbursed by the Contractor, however, no form of holiday or other premium compensation will be reimbursed either as a direct or indirect cost, other than their normal compensation for the time worked. This provision does not preclude reimbursement for authorized overtime work if applicable to this contract.

(d) When the Government grants excused absence to its employees, assigned Contractor personnel may also be dismissed. The Contractor agrees to continue to provide sufficient personnel to perform critical tasks already in operation or scheduled, and shall be guided by the instructions issued by the Contracting Officer or the Contracting Officer's Technical Representative.

H.17 CORRESPONDENCE PROCEDURES

To promote timely and effective administration, correspondence (except for vouchers submitted under the contract) shall be subject to the following procedures:

(a) Technical correspondence (where technical issues relating to compliance with Task Order specifications are involved) shall be addressed to the Contracting Officer's Technical Representative (COTR) with information copies to the Lead COTR and to the Contracting Officer.

(b) All other correspondence (that which proposes or otherwise involves waivers, deviations or modifications to the requirements, terms or conditions of this contract) shall be addressed to the Contracting Officer with an information copy to the COTR and Lead COTR.

H.18 PUBLICITY

Publicity releases in connection with this contract shall not be made by the Contractor unless prior written approval has been received from the Contracting Officer.

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H.19 KEY MANAGEMENT PERSONNEL

The Contractor shall identify Corporate Area Key Management Personnel for assignment to TIPSS-3, as described at Section C.5.1 Functional Requirements for Key Personnel in the Corporate Area. The following individuals are defined as Key Management Personnel:

TITLE	NAME
Program Manager	
Business Manager	
Project Manager	
Quality Assurance Manager	

The titles of the key management personnel shown for the Corporate Area, above, are illustrative only. It is not required that the Contractor provide personnel with these exact titles, rather the collection of Contractor personnel shall meet the functional requirements described at Section C.5.1. Other key personnel are identified at H. 21, Key Task Order Personnel.

H.20 SUBSTITUTION OF KEY MANAGEMENT PERSONNEL

Individuals identified as Key Management Personnel and accepted for this contract are expected to remain dedicated to this contract. However, in the event that it becomes necessary for the Contractor to replace any of the individuals designated as key personnel, the Contractor shall request such substitutions in accordance with the information listed below:

- (a) All substitutes must have qualifications at least equal to those of the person being replaced.
- (b) All appointments of key management personnel shall be approved by the Contracting Officer, and no substitutions of such personnel shall be made without the advance written approval of the Contracting Officer.
- (c) Except as provided in paragraph (d) of this clause, at least 30 days (60 days if security clearance is required) in advance of the proposed substitution, all proposed substitutions of key management personnel must be submitted in writing to the Contracting Officer, including the information required in paragraph (5) of this provision.
- (d) Where individuals proposed as key management personnel become unavailable

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between the submission of the final proposal revisions and contract award because of sudden illness, death or termination of employment, within 5 days following contract award, the Contractor shall notify the Contracting Officer in writing of such unavailability and who will be performing, if required, as the temporary substitute. Within 15 days following contract award, the Contractor shall submit in writing to the Contracting Officer, proposed substitutions for the unavailable individuals.

(e) Request for substitution of key management personnel must provide a detailed explanation of the circumstances necessitating substitution, a two page resume of the proposed substitute, and any other information requested by the Contracting Officer to make a determination as to the appropriateness of the proposed substitute's qualifications. All resumes shall be signed by the proposed substitute and his/her formal (per company accepted organizational chart) direct supervisor or higher authority.

(f) The Contracting Officer shall promptly notify the Contractor in writing of his/her approval or disapproval of all requests for substitution of key management personnel. All disapprovals will require resubmission of another substitution within 15 days by the Contractor.

H.21 KEY TASK ORDER PERSONNEL

If the Government determines that certain personnel are "key" to successful completion of a task order, they will be designated as "Key Task Order Personnel" in the task order. Key Task Order Personnel are defined as follows:

- (a) Personnel identified in the Task Proposal as key individuals to be assigned for participation in the performance of the task order and who may, at the discretion of the Government, be interviewed to verify resume representations;
- (b) Personnel whose resumes were submitted with the Task Proposal; or
- (c) Individuals who are designated as key personnel by agreement of the Government and the Contractor during task order negotiations.

H.22 SUBSTITUTION OF KEY TASK ORDER PERSONNEL

The Contractor shall notify the Contracting Officer and the Contracting Officer's Technical Representative (COTR) prior to making any changes in Task Order Key Personnel. No changes in task order key personnel will be made unless the Contractor can demonstrate that the qualifications of prospective personnel are equal to or better

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than the qualifications of the task order personnel being replaced. All requests for approval of substitutions in task order key personnel must be in writing and provide a detailed explanation of the circumstances necessitating the proposed substitutions. They must contain a complete resume for the proposed substitute and other information requested by the Contracting Officer to approve or disapprove the proposed substitution.

The COTR will evaluate such requests and promptly notify the Contractor of his/her approval or disapproval in writing. All disapprovals will require resubmission of another substitution within 15 days by the Contractor.

H.23 INCORPORATION OF CERTIFICATIONS

The Contractor's completed Section K, Representations, Certifications and Other Statements of Offerors, is hereby incorporated by reference with the same force and effect as if set forth in full text.

H.24 CONTRACTOR RESPONSIBILITY FOR DOCUMENTATION

Based on the requirement that all work under this contract shall comply with the latest version of all applicable standards (Reference Section C.4.4, Standards), the following conditions will be employed throughout the life of the contract:

- (a) The Contractor shall be responsible for obtaining and maintaining all the documents necessary for performance under this contract.
- (b) The Government will provide assistance whenever possible in securing addresses for requesting documents and any other general guidance.
- (c) The Government will not be responsible for copying any standards, mailing or faxing standard documentation, researching standards information or providing assistance other than advisory.
- (d) Individual task orders will reference the applicable standard versions and/or exceptions as necessary.

H.25 PERSONNEL ACCESS

Contractor personnel requiring access to Government sites will be subject to security clearance procedures set forth in the contract (See Section H.31, Security Screening Requirements and Section C.4.6, Access to Government Property and Facilities).

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H.26 SENSITIVE INFORMATION

Individual task orders may require access to data/information up to and including Sensitive But Unclassified (SBU). Refer to Section J, Attachment J.11, TIPSS-3 Conditional Access to Sensitive but Unclassified Information Non-Disclosure Agreement. Individual task orders will identify whether Contractors will have access to sensitive but unclassified information.

H.27 IDENTIFICATION OF CONTRACTOR EMPLOYEES

During the period of this contract, the rights of ingress and egress to and from any office for Contractor representatives shall be made available as deemed necessary by the Government. All Contractor employees whose duties under this contract require their presence at any Treasury, or Treasury bureau facility shall be clearly identifiable by a distinctive badge furnished by the Government. In addition, corporate identification badges will be worn on the outer garment at all times. The obtaining of the corporate identification badge is the sole responsibility of the Contractor. All prescribed information shall immediately be delivered to the IRS Security Office for cancellation or disposition upon the termination of the employment of any Contractor personnel. All on-site Contractor personnel shall abide by security regulations, applicable to that site.

H.28 CONTRACTOR INTERFACES

The Contractor and/or his Subcontractors may be required as part of the performance under this contract to work with other Contractors (firms working with the IRS under other contracts).

IRS personnel shall establish an initial contact between the Contractor and other Contractors and shall participate in an initial meeting at which the conventions for the scheduling and conduct of future meetings/contacts will be established. Contracting Officer's Technical Representatives (COTRs) of other contracts shall be included in any establishment of conventions.

H.29 ENGLISH LANGUAGE DOCUMENTATION AND METRIC SYSTEM USAGE

All Contractor prepared material to be furnished under this contract shall be written in the English language (unless otherwise specified). Additionally the United States Government preferred unit of measure (as set forth in Executive Order 12770 and Public Law 94-168) is the metric system.

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The metric system unit of measure shall be the primary unit under the TIPSS-3 contract, however exceptions will be allowed for referencing technical specifications for commercial off-the-shelf (COTS) items.

H.30 GENERAL LIABILITY

Reference Section I - Clause 52.228-7, "Insurance - Liability to Third Persons". The Contractor shall secure, pay the premiums for and keep in force until the expiration of this contract, and any renewal thereof, adequate insurance as provided below, such insurance to specifically include liability assumed by the Contractor under this contract.

- (a) The Contractor is required to show evidence of bodily injury liability insurance coverage written on the comprehensive form of policy of at least \$500,000 per occurrence.
- (b) The Contractor is required to show evidence of property damage liability insurance coverage written on the comprehensive form of policy of at least \$100,000 per occurrence.
- (c) Workman's compensation insurance as required by law of the State.

Each policy of insurance shall contain an endorsement that any cancellation or material change in the coverage adversely affecting the Government's interest shall not be effective unless the insurer or the Contractor gives written notice of cancellation or change, as required by the Contracting Officer (CO). A certificate of each policy of insurance shall be furnished to the CO with ten (10) days after notice of award certifying, among other things, that the policy contains the aforementioned endorsement.

The insurance company providing the above insurance shall be satisfactory to the Government. Notices of policy changes shall be furnished to the CO. The substances of this clause shall be made to flow down to any Subcontractors.

H.31 IRSAP 1052.204-9000 SECURITY SCREENING REQUIREMENTS (MAR 1998)

Security Screening Requirement for Access to Sensitive but Unclassified Systems or Information A Background Screening will be conducted by the IRS, when applicable to work under a Task Order. Background Screening requirements include:

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(a) a Security Investigation Index Search of National Agencies; (b) Criminal record checks covering a five year period of residency and employment; (c) a credit check; and (d) employment and reference vouchers.

(a) General: Contractor personnel who will be granted staff-like access to IRS facilities, Information Systems, Security Information, Strategic Business Systems or Sensitive IRS information Systems, will be required to undergo a Security Screening Investigation (SSI) unless a Task Order specifies elsewhere that another type of investigation is more suitable to the circumstances. Any Contractor employee who is required to have an investigation shall not be permitted to work on this contract without the required investigation. Access to IRS facilities, information systems, security items and products, and sensitive but unclassified information may be denied or revoked by the IRS based upon unsanctioned, negligent or willful action on the part of the Contractor or the Contractor's employees.

Prior to beginning any work under a task order, all identified Contractor employee(s) will undergo a security screening (which ranges from minimal checks to a full Background Investigation). Upon favorable completion of the security screening, the Contractor employee(s) will be permitted staff-like access to IRS facilities, systems, information and/or data, as applicable to task order performance. Investigations which reveal derogatory information about a Contractor employee, including, but not limited to conviction of a felony, a crime of violence or a serious misdemeanor; and a record of arrests for continuing offenses, may be sufficient cause to deny or revoke staff-like access for that employee under the Task Order.

Individual security clearances by the Defense Security Service (DSS, formerly known as DISCO), a clearance granted or an investigation approved by the Department of the Treasury, another Treasury bureau, or another federal agency, may be acceptable in lieu of a new investigation. Determination of acceptability of non-IRS clearance or investigation will be made by the IRS Inspection Office. To verify the acceptability of a non-IRS, favorable investigation, the Contractor shall submit the forms or information needed, according to instructions provided by the Contracting Officer's Technical Representative (COTR).

At the Government's discretion, the Contractor's personnel may be permitted to have escort access in lieu of an investigation, or while an investigation is in process. In these circumstances, the COTR will notify the Contractor of the names of the individuals who are being granted such access, and if other conditions on access may apply.

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(b) Definitions:

- (1) Staff-like Access. Unescorted access to Treasury owned or controlled facilities, information systems, security items and products (as determined by Treasury or IRS officials), and/or sensitive but unclassified information by Contractor personnel.
- (2) Lawful Permanent Resident. Any individual who is not a citizen or national of the United States (U.S.) who has been lawfully admitted into the U.S. and accorded the privilege of residing permanently in the U.S. as an immigrant in accordance with the immigration laws, such status not having changed.

(c) Citizenship-related requirements: Every Contractor employee working on the sensitive applications of task orders shall satisfy at least one of the following requirements: (1) be a U.S. citizen; or (2) be a lawful permanent resident of the U.S.

(d) Approval process: Within 10 ten calendar days after contract award, issuance of a Task Order, or other award notice by the Contracting Officer, as applicable, the Contractor shall provide the Contracting Officer a list of names of all applicable Contractor employees (including: Social Security numbers; date of birth; place of birth; and the IRS location(s) for which access is requested) who will undergo investigations. For Contractor employees who have a valid DSS (formerly known as DISCO) clearance, the Contractor shall submit a copy of DSS Form 560, Letter of Consent. If the Form 560 is not available, contact the Contracting Officer for instructions on information that can be submitted to verify validity of the clearance. To obtain an investigation, the Contractor shall submit the forms or information needed for requesting investigations, according to instructions provided by the Contracting Officer. Completed forms shall be returned to the Contracting Officer by a date acceptable to the Contracting Officer. The investigation process shall consist of a range of personal background inquiries and contacts (written and personal) pertaining to verification of the information provided on the security forms. Upon completion of the investigation process, the COTR, after consultation with the appropriate IRS officials, shall notify the Contractor in writing of the individual's eligibility or ineligibility to work on the task order. The Contractor is responsible for ensuring that such investigations are requested as necessary for the performance of task orders. Additionally, the Contracting Officer shall provide a notice in writing to the employee of the general nature of the adverse information that formed the basis for the decision. If Contractor personnel will be working on-site in any IRS office, the Contractor shall comply with the requirements of the Clearance of Personnel clause, and obtain building passes for those personnel.

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(e) Adverse Information and Revocation of Access: A Contractor employee on whom unfavorable or derogatory information has been developed during a background investigation must be confronted with the information and offered an opportunity to refute, explain, clarify or mitigate the information in question. However, if after final adjudication, a determination is made to deny or revoke staff-like access to the employee, that person will be formally notified and informed of the decision and the reason(s). The decision to deny or revoke access is not intended to imply that the Contractor employee is otherwise unsuitable for employment by the Contractor. Adverse information developed in these background investigations shall not be released by the IRS to the Contractor. The IRS Personnel Security Officers determination to deny or revoke Contractor employee access is final, as Treasury guidelines do not provide for an appeal of such determination.

(f) Nondisclosure agreement: The Contractor shall require that any employees who may have access to the information systems identified in contract or task order specifications sign a nondisclosure agreement. These agreements shall be signed by the employees before they are assigned to a task order and shall be maintained in the Government contract file for a period of three years after final payment under the task order. A sample agreement is provided as an attachment in Section J.11, TIPSS Conditional Access to Sensitive But Unclassified Information Non-Disclosure Agreement of the contract.

(g) Nondisclosure of information: Neither the Contractor nor any of its employees shall inspect, divulge, or release data or information developed or obtained during performance of the Task Orders, except to authorized Government personnel with an established need to know or upon written approval of the Contracting Officer. Information contained in all source documents and other media provided by IRS are the sole property of IRS.

(h) Task order performance: If IRS receives disqualifying information on a Contractor employee, the Contractor, upon written notice, will immediately remove the employee from work on the task order. Contractor employees may be barred from working on the task order for failing to meet or maintain the suitability standards. Failure to comply with the terms of this clause may result in termination for default.

(i) Notification: The Contractor shall immediately notify the Lead Contracting Officer's Technical Representative (Lead COTR) in writing (with a copy to the TIPSS Contracting Officer) whenever a cleared employee terminates employment or is no longer working on the task order. The Contractor shall also provide the information described in paragraph (d) of this clause for those employees who may be reassigned or added to work on a task order during the period of performance.

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The Contractor shall also immediately notify the Contracting Officer of any breach or suspected breach of security or any unauthorized disclosure of the information contained in the information system specified in the task order.

(j) Subcontracts: The Contractor shall incorporate this clause in all subcontracts, subcontract Task or Delivery Orders or other subcontract performance instrument where the requirements specified in paragraph (a) of this clause are applicable to performance of the subcontract.

H.32 1052.204-9001 IDENTIFICATION/BADGING REQUIREMENTS (MAR 1998)

During the period of this contract, access to IRS facilities for contractor representatives, shall be granted as deemed necessary by the Government. All contractor employees whose duties under this contract require their presence at any Treasury, or Treasury bureau, facility shall be clearly identifiable by a distinctive badge furnished by the Government. In addition, corporate identification badges shall be worn on the outer garment at all times. It is the sole responsibility of the Contractor to provide this corporate identification. Upon the termination of the employment of any contractor personnel working on this contract, all Government furnished identifications shall be returned to the issuing office. All on-site contractor personnel shall abide by security regulations applicable to that site.

H.33 IRSAP 1052.216-9000 TASK/DELIVERY ORDER OMBUDSMAN (MAR 1996)

(a) In accordance with 41 U.S.C. 253(e), the IRS Task/Delivery Order Contracts Ombudsman is the Chief, Policy and Procedures Branch, Office of Procurement Policy.

(b) Ombudsman Responsibilities:

- (1) Address Contractor concerns regarding compliance with the award procedures for task/delivery orders;
- (2) Review Contractor complaints on task/delivery order contracts;
- (3) Ensure all Contractors are afforded a fair opportunity to be considered for each task/delivery order, consistent with 41 U.S.C. 252(b); and
- (4) When requested, maintain strict confidentiality of the vendor/Contractor requesting assistance.

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H.34 IRSAP 1052.224-9000(c) DISCLOSURE OF INFORMATION SAFEGUARDS
(JAN 1998)

In performance of this contract, the Contractor agrees to comply with and assume responsibility for compliance by his/her employees with the following requirements:

- (a) All work shall be performed under the supervision of the Contractor or the Contractor's responsible employees.
- (b) Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure to anyone other than an officer or employee of the Contractor shall require prior written approval of the Internal Revenue Service. Requests to make such inspections or disclosures should be addressed to the IRS Contracting Officer.
- (c) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output shall be given the same level of protection as required for the source material.
- (d) The Contractor certifies that the data processed during the performance of this contract shall be completely purged from all data storage components of his/her computer facility and no output will be retained by the Contractor at the time the IRS work is completed. If immediate purging of all data storage components is not possible, the Contractor certifies that any IRS data remaining in any storage component will be safeguarded to prevent unauthorized inspection or disclosure.
- (e) Any spoilage or any intermediate hard copy printout which may result during the processing of IRS data shall be given to the IRS Contracting Officer or his/her designee. When this is not possible, the Contractor will be responsible for the destruction of the spoilage or any intermediate hard copy printouts and shall provide the IRS Contracting Officer or his/her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- (f) No work involving information furnished under this contract will be subcontracted without the specific approval of the IRS Contracting Officer.
- (g) All computer systems processing, storing and transmitting tax data must meet or exceed computer access protection controls - (C2).

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To meet C2 requirements, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance and documentation. All security features must be available (object reuse, audit trails, identification\ authentication, and discretionary access control) and activated to protect against unauthorized use of and access to tax information.

(h) Should a person (Contractor or Subcontractor) or one of his/her employees make any unauthorized inspection(s) or disclosure(s) of confidential tax information, the terms of the Termination (FAR 52.249-6) or Default clause or (52.249-8), as applicable, incorporated herein by reference, may be invoked, and the person (Contractor or Subcontractor) will be considered to be in breach of this contract.

H.35 IRSAP 1052.224-9000(d) DISCLOSURE OF "OFFICIAL USE ONLY"
INFORMATION SAFEGUARDS (DEC 1988)

Any Treasury Department Information made available or to which access is provided, and which is marked or should be marked "Official Use Only", shall be used only for the purpose of carrying out the provisions of this contract and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Disclosure to anyone other than an officer or employee of the Contractor or Subcontractor at any tier shall require prior written approval of the IRS. Requests to make such disclosure should be addressed to the IRS Contracting Officer.

H.36 IRSAP 1052.224-9001(a) DISCLOSURE OF INFORMATION CRIMINAL/CIVIL
SANCTIONS (JAN 1998)

(a) Each officer or employee of any person (Contractor or Subcontractor) at any tier to whom returns or return information is or may be disclosed shall be notified in writing by the person (Contractor or Subcontractor) that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person (Contractor or Subcontractor) shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure plus in the case of willful disclosure or a disclosure which is the result of gross negligence, punitive damages, plus the cost of the action.

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These penalties are prescribed by IRC Sections 7213 and 7431 and set forth at 26 CFR 301.6103(n).

(b) Each officer or employee of any person (Contractor or Subcontractor) to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract and that inspection of any such returns or return information for a purpose or to an extent not authorized herein constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person (Contractor or Subcontractor) shall also notify each such officer and employee that any such unauthorized inspection of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection plus in the case of a willful inspection or an inspection which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRC Sections 7213A and 7431.

(c) Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(l)(1), which is made applicable to Contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a Contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

H.37 IRSAP 1052.224-9001(b) DISCLOSURE OF INFORMATION "OFFICIAL USE ONLY" (DEC 1988)

Each officer or employee of the Contractor or Subcontractor at any tier to whom "Official Use Only" information may be made available or disclosed shall be notified in writing by the Contractor that "Official Use Only" information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such "Official Use Only" information, by any means, for a purpose or to an extent unauthorized herein, may subject the offender to criminal sanctions imposed by 18 U.S.C. Sections 641 and 3571.

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Section 641 of 18 U.S.C. provides, in pertinent part, that whoever knowingly converts to his use or the use of another, or without authority sells, conveys, or disposes of any record of the United States or whoever receives the same with the intent to convert it to his use or gain, knowing it to have been converted, shall be guilty of a crime punishable by a fine or imprisoned up to ten years or both.

H.38 IRSAP 1052.224-9002 DISCLOSURE OF INFORMATION-INSPECTION
(DEC 1988)

The Internal Revenue Service shall have the right to send its officers and employees into the offices and plants of the Contractor for inspection of the facilities and operations provided for the performance of any work under this contract. On the basis of such inspection, the Contracting Officer may require specific measures in cases where the Contractor is found to be non-compliant with contract safeguards.

H.39 IRSAP 1052.239-9005 SOFTWARE DEVELOPMENT PREREQUISITE
(APR 2002)

a. Definitions. As used in this clause,

1. *"Appraisal Requirements for Capability Maturity Model IntegrationSM" (ARC)* means the Class A Appraisal Requirements for the Standard CMMISM Appraisal Method for Process Improvement (SCAMPISM). This appraisal method is used with the CMMISM model. Class A appraisals provide a CMMI rating and include all ARC requirements.
2. *"Capability Maturity Model[®]" (CMM[®])* means a framework that describes the key elements of an effective software process. The Software Capability Maturity Model (CMM) describes an evolutionary improvement path from an ad hoc, immature process to a mature, disciplined process for the development of software. The model is composed of five maturity levels, which contain a number of key process areas.
3. *"CMM IntegrationSM" (CMMISM)* means an integrated CMM model that encompasses the key elements for enterprise-wide process improvement. The current CMMI includes the disciplines of Software (SW), Systems Engineering (SE), and Integrated Product & Process Development (IPPD).
4. *"CMM-Appraisal Framework" (CAF)* means a framework for planning, conducting, and completing CMM-based appraisals.

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5. *"CMM-Based Appraisal for Internal Process Improvement" (CBA-IPI)* means a Software Engineering Institute (SEI)-approved appraisal method that stresses self-assessment for continuous process improvement, and is conducted by an SEI authorized Lead Assessor.
6. *"Confirm"* means an evaluation by the IRS of evidence provided by the offeror to support its SW-CMM capability maturity rating.
7. *"On-site"* means the SEI appraisal phase in which an appraisal team conducts extensive interviews at the organization's software development facility or the location of the organization's software development projects. Some portions of the on-site may include teleconferencing or telephone interviews of personnel at remote locations.
8. *"Post-award Current Software Capability Rating"* means the SW-CMM or CMMI maturity level determined by an appraisal for which the commencement date of the appraisal on-site occurred within the 18 months immediately preceding the due date of the initial PARM submittal for a given year.
9. *"Pre-award Current Software Capability Rating"* means the SW-CMM maturity level determined by an appraisal for which the commencement date of the SCE or CBA-IPI on-site occurred within the 18 months immediately preceding the proposal due date.
10. *"Process Appraisal Review Methodology" (PARM)* means the methodology employed by the IRS to review, monitor, and verify contractor SW-CMM maturity levels during the period of performance of the contract, BPA, task order, delivery order, or interagency agreement.
11. *"SCE Team Leader"* means an individual authorized by SEI as a Lead Evaluator, substantiated by a Lead Evaluator identification number.
12. *"Small business"* means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in 13 CFR Part 121. For software development, the size standard to be eligible as a small business concern is less than \$21 million in average annual receipts for the previous three fiscal years.
13. *"Software Capability EvaluationSM" (SCESM)*, means an SEI-approved appraisal method generally conducted by an independent evaluation team and led by an authorized SCESM Team Leader.

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14. *"Software Capability Rating"* means the SW-CMM or CMMI-SW rating or maturity level achieved as a result of a Software Capability Evaluation (SCE), a CMM-Based Appraisal for Internal Process Improvement" (CBA-IPI), a Standard CMMI Appraisal Method for Process Improvement" (SCAMPISM), or other appraisal method conducted according to the SEI CMM-Appraisal Framework (CAF), latest version, or the Class A Appraisal Requirements for CMMI (ARC), latest version.
 15. *"Software development"* means any activity, in whole or in part, that is part of a software life cycle.
 16. *"Software life cycle"* means the period of time that begins when a software product is conceived and ends when the software is no longer available for use. The software life cycle typically includes the following phases: concept, requirements, design, implementation, test, installation and checkout, operation and maintenance, and retirement.
 17. *"Standard CMMI Appraisal Method for Process Improvement" (SCAMPISM)* means an SEI-approved appraisal method based on the full set of Class A requirements in the ARC, latest version. A SCAMPI is conducted by an appraisal team and led by an SEI-authorized SCAMPI Lead AssessorSM. It includes the requirements for planning, conducting, and completing the CMMI appraisal. A SCAMPI provides an organization with either CMMI "Process Area Capability Ratings" for the CMMI *Continuous* Model or a "Capability Maturity Level Rating" for the CMMI *Staged* Model.
 18. *"Verify"* means an evaluation of evidence provided by the contractor to support its SW-CMM or CMMI-SW rating, which is conducted by the IRS in accordance with the Process Appraisal Review Methodology (PARM) after award of a contract, BPA, task order, delivery order, or interagency agreement.
- b. Contractors performing software development for the IRS as required under this contract shall have, and maintain at all times during performance, a software capability rating of Level 2 or higher as described by the SEI Capability Maturity Model for Software (SW-CMM) or the CMM Integration, for Software (CMMI-SW). Detailed information about the models may be obtained from the Software Engineering Institute (SEI), Carnegie Mellon University, Pittsburgh, PA 15213-3890. The web site is www.sei.cmu.edu/cmm.
 - c. The SW-CMM maturity rating shall be current and shall be substantiated by a Software Capability Evaluation (SCE) or a CMM-Based Appraisal for Internal

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Process Improvement (CBA-IPI), as specified in the solicitation.

- d. As a condition of award, the IRS reserves the right to review and confirm the SW-CMM maturity levels of offerors. As a further condition of award, the IRS reserves the right to conduct a Software Capability Evaluation (SCE).
- e. After award and throughout the period of performance, the IRS reserves the right to review, monitor, and verify contractor SW-CMM maturity levels in accordance with the Process Appraisal Review Methodology (PARM). The IRS further reserves the right to conduct an independent appraisal of the contractor, including a Software Capability Evaluation (SCE).
- f. On an annual basis, the contractor shall substantiate its current software capability rating by submitting documentation in accordance with the PARM. The IRS will perform a review annually in order to verify the contractor's compliance with its contractual CMM maturity requirements.
- g. The contractor shall include the terms of this clause in all subcontracts for software development under this contract.

Alternate 1 (APR 2002) As prescribed in 1039.239-9100(c), substitute the following paragraphs (b), (c), and (d) for paragraphs (b), (c), and (d) of the basic clause *if the offeror has elected to migrate from SW-CMM to CMMI-SW or is using only the CMMI-SW model.*

- b. Contractors performing software development for the IRS as required under this contract shall have, and maintain at all times during performance, a software capability rating of Level 2 or higher according to the CMM IntegrationSM for Software (CMMISM-SW). Detailed information about the model may be obtained from the Software Engineering Institute, Carnegie Mellon University, Pittsburgh, PA 15213-3890. The web site is www.sei.cmu.edu/cmm.
- c. The CMMI capability maturity level rating shall be current and shall be substantiated by a Software Capability EvaluationSM (SCESM), or a Standard CMMI Appraisal Method for Process Improvement (SCAMPISM) - Class A, as specified in the solicitation.
- d. As a condition of award, the IRS reserves the right to review and confirm the SW-CMM or CMMI-SW maturity levels of offerors. As a further condition of award, the IRS reserves the right to conduct a Software Capability Evaluation (SCE) or SCAMPI.

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H.40 IRSAP 1052.239-9006 SOFTWARE DEVELOPMENT PREREQUISITE
(APR 2002)

It is understood that the subcontractor does not have a Software Engineering Institute Capability Maturity Model® (CMM®) or CMM IntegrationSM (CMMISM) Level 2 or higher rating. The IRS has approved the subcontractor's participation in the software development project, (*insert name of IRS software development project*), using the prime contractor's Software Development-CMM or CMMISM Level 2 or higher processes. The prime contractor is responsible for the planning, management, and performance of the software development project according to its documented processes, utilizing subcontractor resources as mutually agreed between the prime contractor and subcontractor. The subcontractor, in performing its agreed task assignments for the software development project, shall comply with the prime contractor's direction.

H.41 IRSAP 1052.239.9007– ACCESS, USE OR OPERATION OF IRS
INFORMATION TECHNOLOGY (IT) SYSTEMS BY CONTRACTORS

In performance of this contract, the contractor agrees to comply with the following requirements and assume responsibility for compliance by his/her employees:

IRS Information Technology Security Policy and Guidance

All current and new IRS contractor employees authorized staff-like (unescorted) access to Treasury/IRS owned or controlled facilities and information systems, or work, wherever located, on those contracts which involve the design, operation, repair or maintenance of information systems and access to sensitive but unclassified information shall comply with the IRS Information Technology Security Policy and Guidance, Internal Revenue Manual (IRM) 25.10.1. A copy of IRM 25.10.1 may be requested from the contracting officer or Contracting Officer Technical Representative (COTR). **Notice:** The IRS Policy 87-04 which authorizes limited personal use of IT systems by IRS employees does not apply to contractor employees.

Access Request and Authorization

Within (10) calendar days after contract award, issuance of a task order or other award notice, or acceptance of new or substitute contractor employees by the COTR, the contractor shall provide the COTR a list of names of all applicable contractor employees and the IRS location(s) identified in the contract for which access is requested.

A security screening, if determined appropriate by the IRS and in accordance with IRM 1.23.2, Contractor Investigations, and Treasury Directive Policy (TD P) 71-10, Chapter II, Section 2, will be conducted by the IRS for each contractor employee requiring

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access to IRS' IT systems, or as otherwise deemed appropriate by the COTR. The Government reserves the right to determine fitness of a contractor employee assigned staff-like access under a contract and whether the employee shall perform or continue performance under the contract. Security screenings of contractor employee which reveal the following may be unacceptable under this contract: conviction of a felony, a crime of violence or a serious misdemeanor, a record of arrests for continuing offenses, or failure to file or pay Federal income tax (not an inclusive list). Upon notification from the National Background Investigations Center (NBIC) of an acceptable contractor employee security screening, the COTR will complete an Online 5081, Information System User Registration/Change Request, for each prime or subcontractor employee and require an electronic signature from each employee indicating the contractor employee has read and fully understands the security requirements governing access to the Service's IT systems. IRS approval of the Online 5081 is required before a contractor employee is granted access to, use or operation of IRS IT systems. IRM 25.10.1 includes more detailed information on the Online 5081.

Contractor Acknowledgement

The contractor also acknowledges and agrees that he or she understands that all contract employees must comply with all laws, IRS system security rules, IRS security policies, standards, and procedures. The contractor also acknowledges that a contract employee's unsanctioned, negligent, or willful violation of the laws, IRS system security rules, IRS security policies, standards, and procedures may result in the revocation of access to IRS information technology systems, immediate removal from IRS premises and the contract, and for violations of Federal statute or state laws, the contract employee may be arrested by Federal law enforcement agents.

Unauthorized Use of IRS Resources

Contractor employees shall not use IRS information technology equipment/resources for activities that are personal in nature or illegal. Other types of actions that are unauthorized include but are not limited to:

(a) Creating, copying, transmitting, or retransmitting greeting cards, screen savers, video, sound (including streaming video or music) or other large file attachments; subscribing to unofficial LISTSERVs or other services that create a high-volume of email traffic, or using e-mail practices that involve ongoing message receipt and transmission (referred to as instant messaging/messenger).

Using "Push" technology on the Internet, (e.g. subscribing to a service, not authorized by the IRS, that gathers information and sends it out automatically to subscribers), and continuous data streams such as streaming stock quotes are inappropriate uses.

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- (b) Accessing personal e-mail accounts such as AOL or Hotmail through the IRS Internet firewall, hacker's information or tools, chat rooms (involving instant messaging) or gambling sites;
- (c) Creating, downloading, viewing, storing, copying, or transmitting sexually explicit or sexually oriented materials such as adult pornography;
- (d) Downloading, copying, and/or playing of computer video games;
- (e) Posting agency information to external news groups, bulletin boards or other public forums without authorization; and
- (f) Accessing child pornography, bondage and bestiality, obscenity or other types of images that violate criminal law.

Any unauthorized use may be reported to the Contracting Officer's Technical Representative (COTR), the Contracting Officer, and the Department of Treasury Inspector General for Tax Administration (TIGTA).

Replacement Personnel

Replacement personnel must be acceptable to the COTR. The contractor shall agree to remove the person assigned within one day of official notification by the Government and provide a replacement within five days. New hires or substitutions of personnel are subject to an acceptable IRS security screening conducted by the IRS National Background Investigation Center (NBIC), prior to being authorized access to IRS facilities and information systems.

Monitoring Notification

IRS management retains the right to monitor both the content and the level of access of contractor employees' use of IRS IT systems. Contractor employees do not have a right, nor should they have an expectation, of privacy while using any IRS information technology system at any time, including accessing the Internet or using e-mail. Data maintained on government office equipment may be subject to discovery and Freedom of Information Act requests. By using government information technology systems, consent to monitoring and recording is implied with or without cause, including (but not limited to) accessing the Internet or using e-mail or the telephone.

Any use of government information technology systems is made with the understanding that such use is generally not secure, is not private and is not anonymous.

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Subcontracts

The Contractor shall incorporate this clause in all subcontracts, subcontract task or delivery orders or other subcontract performance instrument where the subcontractor employees will require access, use or operation of IRS information technology systems.

(End of Section)